

# A Full Employment Program for Baltimore

## Executive Summary

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This report proposes a three-year plan for a Full Employment Program in Baltimore. The Full Employment Program is a comprehensive program that will create jobs for all who are willing to work.

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# A Full Employment Program for the City of Baltimore

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# A Full Employment Program for Baltimore

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## Executive Summary

This report proposes a three year test of the Full Employment Program in Baltimore. The Full Employment Program is a new and highly adaptable welfare reform concept already adopted for testing in Oregon and Mississippi, and under active consideration in several other states.

The Full Employment Program is designed to move large numbers of families on public assistance rapidly into entry level, training-oriented program jobs, and then into regular jobs with career potential.

The Full Employment Program:

- replaces welfare with work,
- converts public assistance benefits to paychecks,
- shifts the focus of public assistance activities from the welfare office to the workplace,
- requires work by absent parents of children on welfare (mainly fathers),
- simplifies welfare administration, and
- invests control of public assistance restructuring in a public-private community partnership,
- involves affirmative efforts to create public, private and non profit jobs.

Like other major cities, Baltimore is in dire need of public assistance restructuring to meet the economic and social realities of the '90s. The job market is sluggish and projected to remain so, with slight increases in service jobs and declines in every other economic sector. Rates of poverty, unemployment, teenage out-of-wedlock births, and school dropout are unacceptably high and growing. Welfare reform must involve comprehensive strategies that work together in promoting independence and responsibility

The Full Employment Program is well suited to address these problems. It puts people to work swiftly by converting and combining Aid to Families with Dependent Children (AFDC) Food Stamp, Job Opportunities and Basic Skills (JOBS), and Unemployment Insurance (UI) benefits into wages for public, non profit and private sector training-oriented jobs. These subsidized temporary jobs, which do not displace current workers and are less constrained than unsubsidized jobs by a tight labor market, have a number of benefits:

- they are conducive to job growth and neighborhood revitalization,
- they benefit both employers and public assistance recipients,
- they allow public assistance recipients to engage in productive paid work immediately, and
- they provide training in a real work environment, in which skills, self-confidence, and resumes can be built.

Mutual obligations are the hallmark of the Full Employment Program. The participating employer provides normal supervision and job training necessary to carry out the job. Each private employer also contributes one dollar for the operation of the program for every participant hour worked. The participant's obligations are to learn the job, provide a day's work for a day's pay, and seek and accept regular employment as soon as possible. The

public assistance system develops job opportunities for Full Employment Program participants as well as providing any job readiness and supportive services necessary to prepare the participant for work.

The Full Employment Program simplifies and streamlines public assistance for recipients and bureaucrats alike. Because work for wages replaces welfare, the costs of eligibility and benefit redeterminations, distribution of benefits, and fraud investigations are sharply reduced.

Local governments, the employer community, and neighborhood self-development organizations play decisive roles in program design and operation.

Given the significance of teenage parenting in Baltimore's welfare and poverty problems, the Full Employment Program would target current and potential public assistance recipients in the following priority order:

- new entrants and re-entrants to the AFDC-Basic (one-parent family) program:
  - non-custodial parents (mainly fathers),
  - custodial parents (mainly mothers),
- parents in two-parent AFDC families,
- non-custodial, non-working parents of children in current AFDC - Basic families,
- custodial parents in current AFDC -Basic families,
- low-income unemployment compensation claimants.

In defining the participation of these target groups, the program ends welfare biases against work and two-parent families and, through incentives and sanctions, encourages continuing education and the avoidance of out-of-wedlock parenting, particularly among teenagers. As a further incentive to work and the formation of two-parent families, the needs of custodial parents in families newly entering or reentering the AFDC-Basic program will be excluded from grant calculations. Figure 1 summarizes participation by target group.

**Figure 1**  
**Participation in the Baltimore Full Employment Program**

| TARGET GROUP  | PARTICIPATION   | INCENTIVES  | SANCTIONS  |
|---|---|---|--|
| <b>1. New entrants and re-entrants to the AFDC-Basic program</b><br><br>a. Non-custodial parents (mainly fathers) | <ul style="list-style-type: none"> <li>• Support child(ren) through Full Employment Program or regular job</li> <li>• If teenage, stay in school until HS diploma or GED</li> </ul> | <ul style="list-style-type: none"> <li>• Reduced work requirement: part-time during school year plus full-time during extended school vacation</li> </ul>         | <ul style="list-style-type: none"> <li>• Sanctions based on enforcement tools in Governor's Commission on Welfare Policy report</li> </ul>         |
| b. Custodial parents (mainly mothers)   | <ul style="list-style-type: none"> <li>• Identify the non-custodial parent</li> <li>• If teenage, stay in school until HS diploma or GED</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Deferred work requirement and full pass-through of child support payment</li> <li>• Deferred work requirement</li> </ul> | <ul style="list-style-type: none"> <li>• Assignment to Full Employment Program job</li> <li>• Assignment to Full Employment Program job</li> </ul> |

**Figure 1 (cont'd)**  
**Participation in the Baltimore Full Employment Program**

| TARGET GROUP  | PARTICIPATION   | INCENTIVES  | SANCTIONS  |
|---|---|---|--|
| 2. Parents in two-parent AFDC families  | <ul style="list-style-type: none"> <li>One parent in full-time Full Employment Program job</li> <li>Full Employment Program worker actively seeks and takes regular job when offered</li> </ul> | <ul style="list-style-type: none"> <li>Increased usable income, continued Medicaid, training, job experience</li> <li>Increase usable income, transitional JOBS benefits, regular full-time employment</li> </ul>   | <ul style="list-style-type: none"> <li>Loss of AFDC and Food Stamp benefits if Full Employment Program job declined</li> <li>Loss of Full Employment Program job and AFDC/Food Stamp benefits if regular job declined</li> </ul> |
| 3. Non-custodial, non-working parents of current AFDC-Basic children  | <ul style="list-style-type: none"> <li>Support child(ren) through Full Employment Program or regular job</li> </ul>   |   | <ul style="list-style-type: none"> <li>Sanctions based on enforcement tools in Governor's Commission on Welfare Policy report</li> </ul>   |
| 4. Custodial parents in current AFDC-Basic families, except full-time workers and teenage parents in school | <ul style="list-style-type: none"> <li>Full time Full Employment Program job</li> <li>Full Employment Program worker actively seeks and takes regular job when offered</li> </ul>               | <ul style="list-style-type: none"> <li>Increased usable income, subsidized child care, continued Medicaid, training, job experience, and full pass-through of child support payment</li> <li>Increased usable income, transitional JOBS benefits, full pass-through of child support payment</li> </ul> | <ul style="list-style-type: none"> <li>Loss of AFDC and Food Stamp benefits if Full Employment Program job declined</li> <li>Loss of Full Employment Program job and AFDC/Food Stamp benefits if regular job declined</li> </ul> |

**Figure 1 (cont'd)**  
**Participation in the Baltimore Full Employment Program**

| TARGET GROUP  | PARTICIPATION  | INCENTIVES   | SANCTIONS   |
|---|--|--|---|
| <p><b>5. Low-income unemployment Compensation claimants</b></p> | <ul style="list-style-type: none"> <li>• Full-time Full Employment Program job</li> <li>• Full Employment Program worker actively seeks and takes regular suitable job when offered</li> </ul> | <ul style="list-style-type: none"> <li>• Increased usable income, training</li> <li>• Increased usable income, regular full-time employment</li> </ul> | <ul style="list-style-type: none"> <li>• Termination of normal UI benefits if suitable Full Employment Program job declined</li> <li>• Loss of Full Employment Program job and further UI benefits if offer of suitable regular job declined</li> </ul> |



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## Poverty, Unemployment, and Welfare in Baltimore

Current statistics on unemployment, poverty, and welfare in Baltimore illustrate serious and stubborn economic and social problems: high welfare costs and rising caseloads, rising rates of teenage pregnancy and school drop out, persistently high poverty and unemployment rates, and sluggish economic growth. *The depth and severity of these problems makes the city unique virtually amongst the state's jurisdictions.*

Reducing teenage pregnancy and creating an environment conducive to job creation must be the primary objectives in any welfare reform program for Baltimore.

### 1. Welfare caseloads and costs reflect a high and increasing welfare burden:

- Maryland experienced a 110 percent increase in AFDC expenditures for the period 1985 through 1992 compared to a 47 percent increase for the US. 1/ Since 1991 benefit reductions have stabilized AFDC costs but Food Stamp expenditures continue to rise.
- In Baltimore combined AFDC and Food Stamp caseloads have increased by 12,000, or 11 percent, in the past two years. 2/
- The typical AFDC family in Maryland is a small one. Almost one-half of the cases (47%) have only a mother and one child. The next most common (about 30%) is that of a mother and two children. 3/

### 2. Teenage pregnancies and births coupled with school dropout rates are persistently high and rising.

- In Baltimore about 68 percent of all live births were to unmarried women in 1989; in 1979 the rate was 57 percent. Ninety-four percent of all live births to females ages 15-19 were to unmarried mothers in 1989 compared to 86 percent in 1979. 4/
- 51 percent of all AFDC recipients in Baltimore were age 19 or younger when they first became mothers. 5/
- The school drop-out rate in Baltimore City was 16% for 1991-92, up from 10 percent the previous year. 6/

### 3. Teenage single parenting and school dropout lead to the high probability of welfare and especially long spells of dependency.

- A young, never-married woman with a child less than three years old represents the highest risk of becoming a long-term welfare recipient. For example, it is estimated that over 40 percent of never-married women who enter the AFDC system at age 25 or less with a child less than 3 years old will spend 10 years or more on AFDC. 7/
- More than half of all welfare children are born out of wedlock and a history of unmarried childbearing is an increasingly common occurrence in welfare families. Addition-



## Figure 3

ally, adolescent, unmarried mothers are more likely to score low on achievement tests, fail in school, and engage in other success-inhibiting behavior. 8/

- In thinking about how to reduce welfare dependency, it is important to keep in mind that one of every three mother-only families going on welfare in Maryland today is headed by a teenager, and that at least half of all first time AFDC recipients are second generation teenage mothers. 9/
- Single parenting reduces chances for productive lives for both boys and girls. "The most important predictor of criminal behavior is not race, nor income, nor religious affiliation. It is father absence. It is boys who don't grow up with their fathers" 10/

### 4. Poverty and unemployment are high in Baltimore City

- One out of every six Baltimore City households are dependent on some form of public assistance. In the rest of the metropolitan area, less than one of every twenty-five households receive any form of public assistance. Put another way, two-thirds of all public assistance households in the entire metropolitan area live in Baltimore City. More than four of every ten of all public assistance households in the State of Maryland are residents of Baltimore City. 11/
- Baltimore's median household income is the lowest in the metropolitan area. Fifty-six percent of all households in the metropolitan area with annual incomes of under \$15,000 live in the City. 12/
- In 1990 22 percent of the residents of Baltimore City were living below the federal poverty level. The metropolitan area had a poverty rate of 10 percent; the suburbs had a rate of 5 percent. 13/
- The 1992 unemployment rate for Baltimore City was 10 percent, compared to 7 percent for the State of Maryland. 14/
- Unemployment in Maryland reached the highest level on record in many categories during fiscal year 1992. 15/
- In 1992 unemployed workers in Maryland filed for 3.6 million weeks of unemployment and received benefits for 2.74 million weeks, the highest on record for Maryland. Another record high was the average duration of weeks of unemployment benefits received which was 18 weeks during fiscal year 1992. 16/
- Unemployment benefits paid totaled \$495 million—21 percent higher than fiscal year 1991 benefit payments and the largest amount on record for Maryland. 17/

### 5. An inadequate job base and sluggish economic growth compound the problem

- Recently announced layoffs in both the public and private sectors, sluggish retail sales activity, high public and private debt, and the depressed state of both the residential and non-residential construction markets all point to a rather anemic recovery from the recent recession.
- For the 1990-1995 period, the annual compounded job growth rate is projected to be 1.1 percent, compared to the 1.3 percent growth rate from 1980 to 1985. In comparison, the average annual growth rate during the 1985-1990 period was 2.4 percent.

- Projections for the six major economic sectors show that all areas of the economy will grow more slowly in the current five-year period than in the previous five years. Once again, the non-financial service sector is expected to lead the Region in growth. By 1995, this sector will comprise 32 percent of the Region's jobs, up from 26 percent in 1985. (Baltimore Regional Council Study.) Regional employment growth by major economic sector is shown in Figure 2.
- A comparison of the employment growth of Baltimore City with its suburban jurisdictions of Baltimore, Anne Arundel, and Howard Counties illustrates the severity of the economic problem for Baltimore City. See Figure 3.
- The relatively small increase in total jobs in Baltimore City includes a large increase in non-financial services, a slight increase in wholesale trade, and declines in every other economic sector.
- A declining population over the forecast period, anemic income gains, and more attractive shopping opportunities in the suburbs are expected to lead to declines in retail trade employment.
- The slow-down in non-residential construction activity over the forecast period is behind the decrease in the infrastructure and financial sectors. Also affecting the financial sector is the contraction of the banking industry, both nationally and regionally.

## Figure 2

Jobs by Sector, Baltimore Region, 1985-1995  
(Thousands of Full and Part-time Jobs)

| <b>Sector</b>  | <b>1985</b>   | <b>1990</b>   | <b>1995</b>   | <b>Change<br/>1985-90</b> | <b>Change<br/>1990-95</b> |
|----------------|---------------|---------------|---------------|---------------------------|---------------------------|
| Infrastructure | 147.4         | 168.8         | 169.5         | 21.4                      | 0.7                       |
| Manufacturing  | 143.0         | 130.7         | 125.9         | -12.3                     | -4.8                      |
| Trade          | 269.0         | 302.8         | 32.0          | 33.8                      | 17.2                      |
| Financial*     | 76.8          | 88.6          | 88.6          | 11.8                      | 0.0                       |
| Services       | 314.2         | 400.5         | 459.8         | 86.3                      | 59.3                      |
| Government     | 257.1         | 265.5         | 271.1         | 8.4                       | 5.6                       |
| <b>TOTAL</b>   | <b>1207.5</b> | <b>1356.9</b> | <b>1434.9</b> | <b>149.4</b>              | <b>78.0</b>               |

\* Financial, insurance and real estate service

Source: Baltimore Regional Council of Governments

## Figure 3

Jobs by Jurisdiction, 1985-1995  
(Thousands of Full and Part-time Jobs)

| <b>Sector</b>           | <b>1985</b>   | <b>1990</b>   | <b>1995</b>   | <b>Change<br/>1985-90</b> | <b>Change<br/>1990-95</b> |
|-------------------------|---------------|---------------|---------------|---------------------------|---------------------------|
| Baltimore City          | 453.1         | 461.6         | 463.7         | 8.5                       | 2.1                       |
| Anne Arunde<br>County   | 215.1         | 245.9         | 264.3         | 30.8                      | 18.4                      |
| Baltimore County        | 373.3         | 425.7         | 458.0         | 52.4                      | 32.3                      |
| Carroll County          | 35.4          | 47.3          | 51.4          | 11.9                      | 4.1                       |
| Harford County          | 53.4          | 72.0          | 78.7          | 18.6                      | 6.7                       |
| Howard County           | 77.2          | 104.4         | 118.8         | 27.2                      | 14.4                      |
| <b>Baltimore Region</b> | <b>1207.5</b> | <b>1356.9</b> | <b>1434.9</b> | <b>149.4</b>              | <b>78.0</b>               |

Source: Baltimore Regional Council of Governments

- Manufacturing employment is projected to decline. Finally, government employment is expected to drop due mainly to a decline in the local government sector. (Regional Economic Outlook Projections to the year 1997 for Baltimore Region, Economic Research and Information Systems Division, Baltimore Metropolitan Council, May, 1992)

### 6. Parental responsibility and jobs creation are the keys to effective welfare reform in Baltimore.

- The pattern of intergenerational welfare dependency and low achievement tied to the ever-growing incidence of single parenting forces the conclusion that primary attention in welfare reform must be paid to new AFDC entrants and reentrants. Reforms must make the single-parent welfare way of life less appealing to young people than the more traditional and economically viable path of marriage and work. Such reforms should address the entire welfare population, but with emphasis on alternatives to welfare that will reduce the intake of new cases.
- However, no amount of "linking" with the benefits and services of the existing welfare system will reduce dependency unless there are jobs available to replace welfare. As much effort must be devoted to job creation as to the creation of dependency-reducing incentives, and the two efforts must go hand in hand. Thus welfare reform cannot be the province simply of existing public assistance agencies. The larger community, and particularly its employers, must commit themselves to a restructuring of welfare that will provide obvious and desirable alternatives to the welfare way of life.

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## Opportunities for Welfare Reform

*"Deeply unpopular at all levels of society, welfare is failing both the needy people it is supposed to help and the working people who pay for it....[President Clinton] 'must launch a new generation of social innovations intended to empower the poor and help them liberate themselves not only from poverty, but also from debilitating dependence on welfare....The problem is not that we are spending too much, but that too little of what we spend goes directly to the poor....much of the spending has been absorbed by an expanding bureaucracy for delivering social services that eats up a disproportionate amount of funds available for fighting poverty.'"*

Will Marshall & Elaine Kamarck  
Progressive Policy Institute  
1992

In 1986, after a thorough investigation of the welfare system, a White House working group gave the present welfare system a failing grade. ("Up From Dependency", Executive Office of the President, Office of Policy Development, December, 1986) Noting that welfare fails both the poor and the well off, they listed five ways in which this happens.

First, they concluded that the present system is "complex and confusing, mistargets benefits to both poor and non-poor."

Second, they observed that "The welfare system discourages work and self reliance." Even though most people want to work, welfare discourages them because its tax-free benefits often surpass usable income. The problem of dependency becomes exacerbated because "the pattern and values of dependency can be transmitted from parent to child, who may come to see welfare as a social norm."

Third, they found that the present system weakens families through disincentives to form and maintain two-parent families. In effect, welfare replaces the breadwinner. There is little incentive to marry since welfare income often increases when parents break up or never marry. Compounding the problem, many of the young men who become fathers have poor long-term job prospects.

Their fourth point is that "the current welfare system weakens communities." They point out that since welfare does not come from the community, but from government, the community loses its authority in shaping individual behavior. "The community gradually loses its power to influence behavior or to enforce the mutual obligations that make a community livable. Welfare that is both dropped in and managed from afar undermines the implicit social contract among citizens that reduces crime, assists neighbors, and nurtures children."

Their fifth point is that "the system wastes public money." Most of the money intended to alleviate poverty never reaches the poor.

Similarly, the Governor's Commission on Welfare Policy has found "serious flaws" in the Maryland system. They have concluded the system doesn't reward work or efforts to seek employment, doesn't encourage two-parent families, provides welfare benefits that often exceed the earned incomes of low income workers, offers few positive expectations of clients, and minimizes fathers' responsibilities to family and children.

There is ample documentation that the present system is not working, as well as how it is not working. As a nation, we are undertaking a critical examination of the ways in which the present system can be reformed. The process that Maryland is engaged in is a part of this national effort. In the process of welfare reform, it will be important to ensure that there is enough flexibility so that creative experimentation is possible. As White House domestic policy advisors, Elaine Kamarck and William Galston have stated "The new administration should advocate the widest possible experimentation in the welfare system, through the generous granting of waivers to the AFDC rules, in an effort to discover which methods are most effective for reconstructing the family."

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## The Full Employment Program Concept

*"Welfare doesn't work. Work 'incentives' don't work. Training doesn't work. Work 'requirements' don't work. Work 'experience' doesn't work and even workfare doesn't quite work. Only work works."*

Mickey Kaus

The growing recognition that public welfare must help families escape long-term dependency, and that work is the most reliable escape route, has spurred the development of several welfare-to-work models. Of these, the Full Employment Program provides the most direct, rapid and, potentially, the most effective transition into the real world of work for pay. Moreover, the Full Employment Program concept is flexible and adaptable to local needs. The five elements of the program are:

1. **Required active participation in the world of work.** All recipients who are able to work are screened for skills and interests and rapidly placed in private and public sector training-oriented jobs, with the necessary support. These jobs provide the training and experience necessary for transition to regular employment. Full Employment Program Jobs are jobs not presently being performed, but — which the employers believe have the potential to become regular and permanent. Even if these jobs don't become permanent, however, they are realistic work training situations that prepare participants for other regular work force jobs. Participants will learn how to be productive in these training jobs, and will gain the most valuable passports to regular employment: the experience, reputation, and self confidence that come from satisfactory performance of a productive job.
2. **Conversion of public assistance benefits into paychecks.** Funds normally used to pay AFDC, Food Stamps, Job Opportunities and Basic Skills (JOBS), and Unemployment Insurance (UI) benefits, together with other available grant funds, are combined to reimburse program employers for participant wages. The wage is standard for participants, and is set typically at the federal or state minimum wage, which provides for the vast majority of participants a higher spendable income than the replaced public assistance benefits, but less than the spendable income from regular employment. Normal public assistance benefits are paid until a training job becomes available and, as a safety net feature, participants with large families for which the wage would be less than the replaced benefits are provided with wage supplements to prevent loss of spendable income. Participants are responsible to work diligently at the training job assignment, and to seek and to accept regular employment when it becomes available. Those unable to work, such as Food Stamp recipients who also receive Supplemental Security Income (SSI), are not considered eligible for a training job in the Full Employment Program.
3. **Shift in public assistance focus from the welfare office to the workplace.** The participating employers provide training necessary to the job. Regular employer staff supervisors are assigned to help participants "learn the ropes". Child care is guaranteed, and continuing Medicaid is guaranteed to those eligible for it when they enter the program. The



public assistance system provides directly or through contract providers, as needed, JOBS program components, such as life skills, GED preparation, and job search. Participants are relieved of much of the burden of forms and meetings inherent in remaining eligible for welfare. While they are working in the program their prior public assistance eligibility is automatically continued: thus they do not have to appear periodically at welfare or employment offices, nor do they have to submit to periodic eligibility and benefit redeterminations. Participants are freed to work toward regular employment, while the public assistance system is made much simpler to administer.

**4. Simplification of Welfare administration.** With participants in jobs and employers generating their pay checks, welfare administration is greatly simplified. There is a reduced need for welfare fraud investigation, since there are fewer welfare payments per se, and no possibility of cheating on paychecks. The participant's income will be based on hours worked, with employers doing the monitoring. There will also be a reduced need for recalculations of eligibility and benefits, and for the generation and delivery of AFDC checks and Food Stamp allotments for Full Employment Program participants. Eligibility workers and fraud investigators will be available to be trained or retrained for more useful work, such as case management and job development.

**5. Local control of program design and operation.** Local governments, the employer community, neighborhood self-development organizations, and business and charitable groups play decisive roles in making the program a success. Local councils, operating under federal waivers and state authorization, adapt the Full Employment Program concept to the specific needs of their communities. Cost limits are defined under federal-state budget neutrality agreements, and costs and program performance are monitored through control or comparison group evaluations.

Two states — Oregon and Mississippi — have enacted legislation to implement the Full Employment Program in multi-county test areas. Identical in concept, their programs differ significantly in detail, reflecting both the differing needs and situations of their populations and the inherent flexibility of the concept. The legislatures of several other states, including Massachusetts, Pennsylvania, Arizona, Washington, and Virginia, are in various stages of designing their own adaptations of the Full Employment Program. The federal government is just beginning to work with Mississippi and Oregon in defining the waivers necessary to make the concept work, but even at this early stage the concept is being discussed within President Clinton's Welfare Reform Working Group.

## Tailoring a Full Employment Program Test for Baltimore

The federal government is actively encouraging states to experiment with reform programs which directly connect welfare recipient to work experience.

A Full Employment Program in Baltimore City would target current and potential public assistance recipients who should be able, over time, to achieve self support or reduce significantly their dependence on welfare.

In order of priority for participations, these groups are:

### 1. New entrants to the AFDC-Basic program

#### 1. A. Non-custodial parents (mainly fathers)

Here the goal is to get non-custodial parents to support their AFDC children. Participation will be a full-time Full Employment Program job if the non-custodial parent is not employed in a regular job. A teenage non-custodial parent will be required to stay in school and work part-time until a high school diploma or GED is achieved. Dropping out of school will trigger a full-time work requirement. A support order against wages received from either the program job or the regular work or both will be enforced. Failure to accept either a program job or regular employment could trigger a range of sanctions including a contempt of court charge.

#### 1. B. Custodial parents (mainly mothers)

In order to encourage the formation of two-parent families, welfare to a single-parent family will be limited to the needs of the child(ren), and the needs of a single custodial parent will not be considered in calculating the AFDC-Basic grant. On the other hand, the full amount of child support collected will be passed through to the custodial parent. If the custodial parent is the mother, she must cooperate fully in identifying and locating the father. If the father cannot be identified, the mother will be required to take a Full Employment Program or regular job to support her child(ren). If the mother is a teenager, she will be required to stay in school until she achieves a high school diploma or GED.

### 2. Parents in two-parent AFDC families

Encouraging the formation and maintenance of two-parent families will be a priority. Given that the Full Employment Program will replace normal welfare with jobs, the two-parent AFDC program will be made as easy to access as AFDC-Basic. The Full Employment Program will eliminate the 100-hour maximum work rule, the requirement for recent attachment to the work force, and the 30-day waiting period for eligibility (this last issue will require a federal waiver). At least one of the two parents will be required to work in a full-time Full Employment Program job leading to regular employment. Normal AFDC and Food Stamp benefits will cease when the Full Employment Program job is offered. Normal JOBS services will be ancillary to and integrated with the program job. Medicaid and other public assistance benefits will continue for the family. Transitional JOBS benefits will become available on graduation to regular employment. Failure to accept either a program job or regular employment when offered will result in termination of AFDC eligibility and benefits.

### 3. Non-custodial, non-working parents of children in current AFDC families

Here, as in 1A, the goal is to get non-working absent parents to support their AFDC children. Participation will be a full-time Full Employment Program job leading to regular

employment, with enforcement of a support order against wages received from both program and regular work. Failure to accept either a program job or regular employment will trigger a contempt of court charge.

#### 4. Custodial parents in current single-parent AFDC families

Participation for custodial parents not in regular employment will be a full-time Full Employment Program job leading to regular employment. Full-time regular workers in this category will not be offered Full Employment Program jobs, and part-time regular workers will be offered part-time program jobs to bring their work participation to full-time. Normal AFDC and Food Stamp benefits will cease when a Full Employment Program job is offered. Medicaid and child care are guaranteed, with additional child care needs met, in part, by Full Employment Program participants in child care apprenticeship training jobs. Other JOBS services will be integrated into the work experience. Transitional Medicaid and child care will begin with graduation to full-time regular employment. Failure to accept regular employment when offered will result in removal from the Full Employment Program and ineligibility for further AFDC benefits.

#### 5. Low-income unemployment compensation claimants

This group consists of UI beneficiaries who are receiving Food Stamps, or whose pre-benefit incomes were so low that they are likely to become AFDC recipients when their UI benefits expire, and for whom a Full Employment Program job can be considered "suitable" under the Federal Unemployment Tax Act. Participation will be a full-time Full Employment Program job leading to more secure regular employment. Failure to accept either the Full Employment Program job or regular employment will trigger ineligibility for further UI benefits. Incorporating this group in the Full Employment Program should reduce significantly the potential for long-term welfare dependency among low-income workers.

How many active participants there will be in a three-year test of the Full Employment Program, and thus how far the demonstration will reach into this priority list, will depend on how many program jobs can be lined up and how effectively the program deters entrance into welfare and reduces average length of stay. The demonstration must be designed to achieve federal budget neutrality over the three-year period, and should be designed to achieve state budget neutrality as well. Demonstration expenditures will have to be constantly monitored to assure that the combination of wages paid to participants and benefits paid to those not yet participating do not exceed predefined limits. Clearly the fewer the benefits that have to be paid, the more Full Employment Program jobs that can be filled.

Even with these constraints, however, the demonstration should be capable of addressing all of the priority groups, although not immediately. In the first year participation might be limited to new entrants and two-parent families (priorities 1 and 2), together with a portion of current single-parent families (priorities 3 and 4). By the end of the second year, it should be possible to have the bulk, plus some low-income unemployment compensation claimants (priority 5), actively at work in Full Employment Program jobs.

## The Full Employment Program Path Out of Poverty

Figure 4 illustrates the expected income effects of the Full Employment Program on a single-parent, three-person AFDC family in Baltimore. Such families represent about 30% of the caseload in Maryland. The more typical two-person families, which represent 47 percent of the AFDC caseload, would achieve even greater financial gains from participation in the program. Figure 5 provides supporting data. 18/

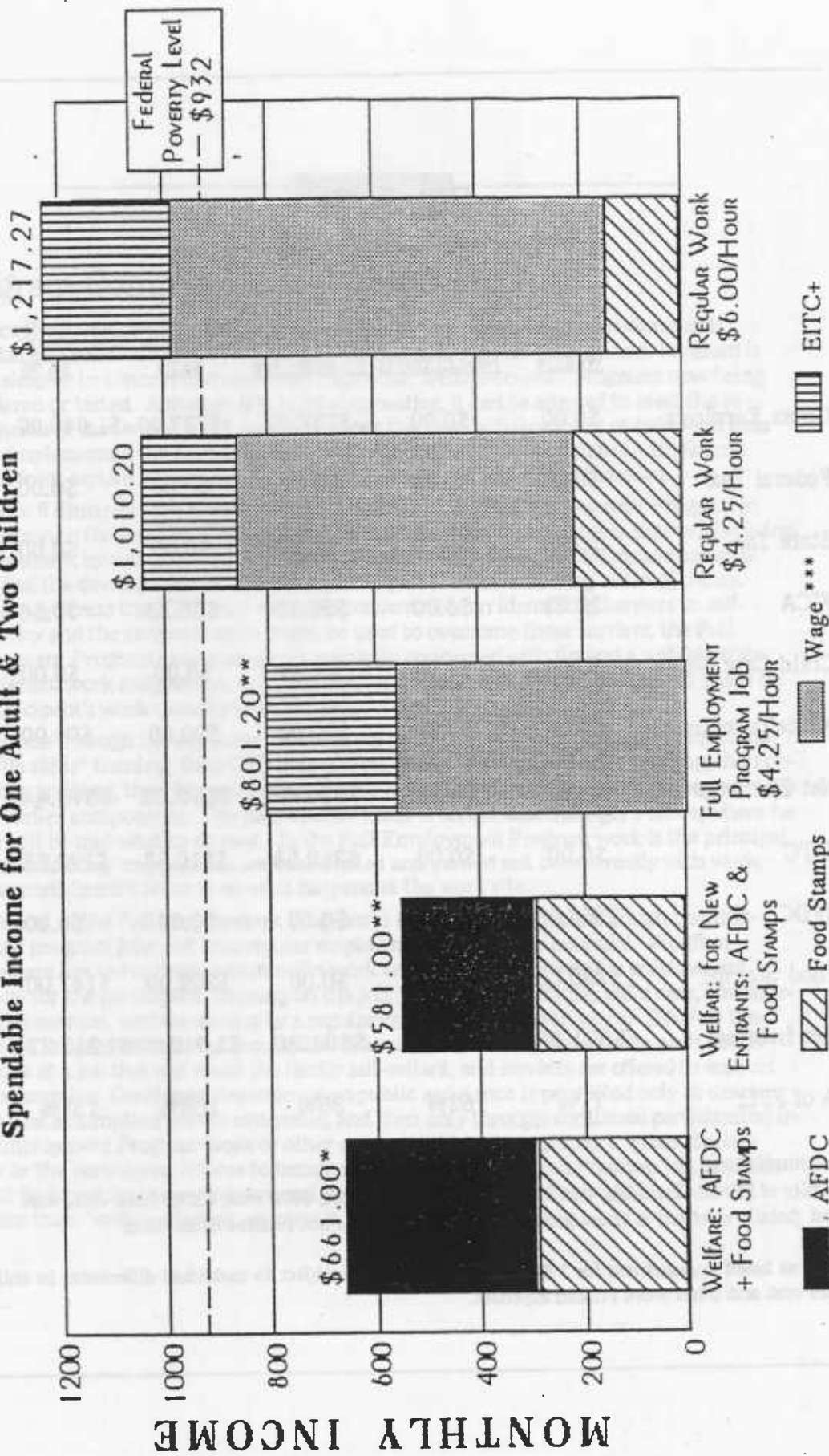
As can be seen, spendable income rises significantly and steadily as this family progresses from welfare to Full Employment Program work, and then to regular employment. Family income rises above the poverty level with any regular employment, even at minimum wage. This is due to the program design, in which Food Stamp benefits incorporated in Full Employment Program wages are separately available to those who attain regular jobs, coupled with the effects of the recently-enacted increases in the EITC.

The significance of this steady rise in spendable income associated with moving from welfare to work is two-fold. First, the Full Employment Program overcomes the so-called "notch" problem. In the past, families in trying to escape welfare dependency through work faced, as time went on and earnings increased, several reductions in benefits producing losses in spendable income. Second, the Full Employment Program can be implemented at no additional cost to federal and state governments above that necessary to carry out existing law, since it is designed to be budget-neutral over a three-year test period, or to be terminated if it is not. If the Full Employment Program works as expected, it will deter entrance into welfare by those able to get regular work, hasten the departure from the welfare roles of those who have other resources (such as unreported income from jobs in the underground economy), and shorten the stays of others on welfare by speeding up their transition to regular work. Thus, the program should produce an almost immediate and continuing reduction in welfare dependency, and in the social dysfunction associated with dependency.

# Figure 4

## Welfare to Work Through the Full Employment Program

Spendable Income for One Adult & Two Children



\* Not including child support, the first \$50 of which would go to the family; the remainder to the state

\*\* Not including child support, all of which would go to the family to augment spendable income.

\*\*\* Wage = Gross wages minus taxes, FICA and \$90 miscellaneous expenses

+EITC = Earned Income Tax Credit. Chart assumes child care costs are fully subsidized



**Figure 5**  
**Supporting Table for Figure 4**

|                | <u>Current<br/>Welfare</u> | <u>Welfare for Full Employment<br/>New Entrants</u> | <u>Program Job</u> | <u>Regular Employment<br/>\$4.25</u> | <u>\$6.00</u> |
|----------------|----------------------------|---|--------------------|--------------------------------------|---------------|
| Gross Earnings | \$0.00                     | \$0.00  | \$737.00           | \$737.00                             | \$1,040.00    |
| Federal Tax    | \$0.00                     | \$0.00  | \$0.00             | \$0.00                               | \$0.00        |
| State Tax      | \$0.00                     | \$0.00  | \$0.00             | \$0.00                               | \$0.00        |
| FICA           | \$0.00                     | \$0.00  | \$56.38            | \$56.38                              | 79.56         |
| Child Care Net | \$0.00                     | \$0.00  | \$0.00             | \$0.00                               | \$0.00        |
| Miscellaneous  | \$0.00                     | \$0.00  | \$90.00            | \$90.00                              | \$90.00       |
| Net Earnings   | \$0.00                     | \$0.00  | \$590.62           | \$590.62                             | \$870.44      |
| EITC           | \$0.00                     | \$0.00  | \$210.58           | \$210.58                             | \$199.83      |
| AFDC           | \$366.00                   | \$286.00  | \$0.00             | \$0.00                               | \$0.00        |
| Food Stamps    | \$295.00                   | \$295.00  | \$0.00             | \$209.00                             | \$147.00      |
| Net Income     | \$661.00                   | \$581.00  | \$801.20           | \$1,010.20                           | \$1,217.27    |
| % of FPL:      | 71%                        | 62%   | 86%                | 108%                                 | 131%          |

**Assumptions:**

Family of Three: One adult, two children, no child support, \$400 rent, \$3.75/ hour child care cost (totally subsidized at these income levels), family does not itemize deductions.

Figures based on estimates for 1994 tax year. All figures subject to individual differences in child care cost and other work related expenses.



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## Program Components and Services

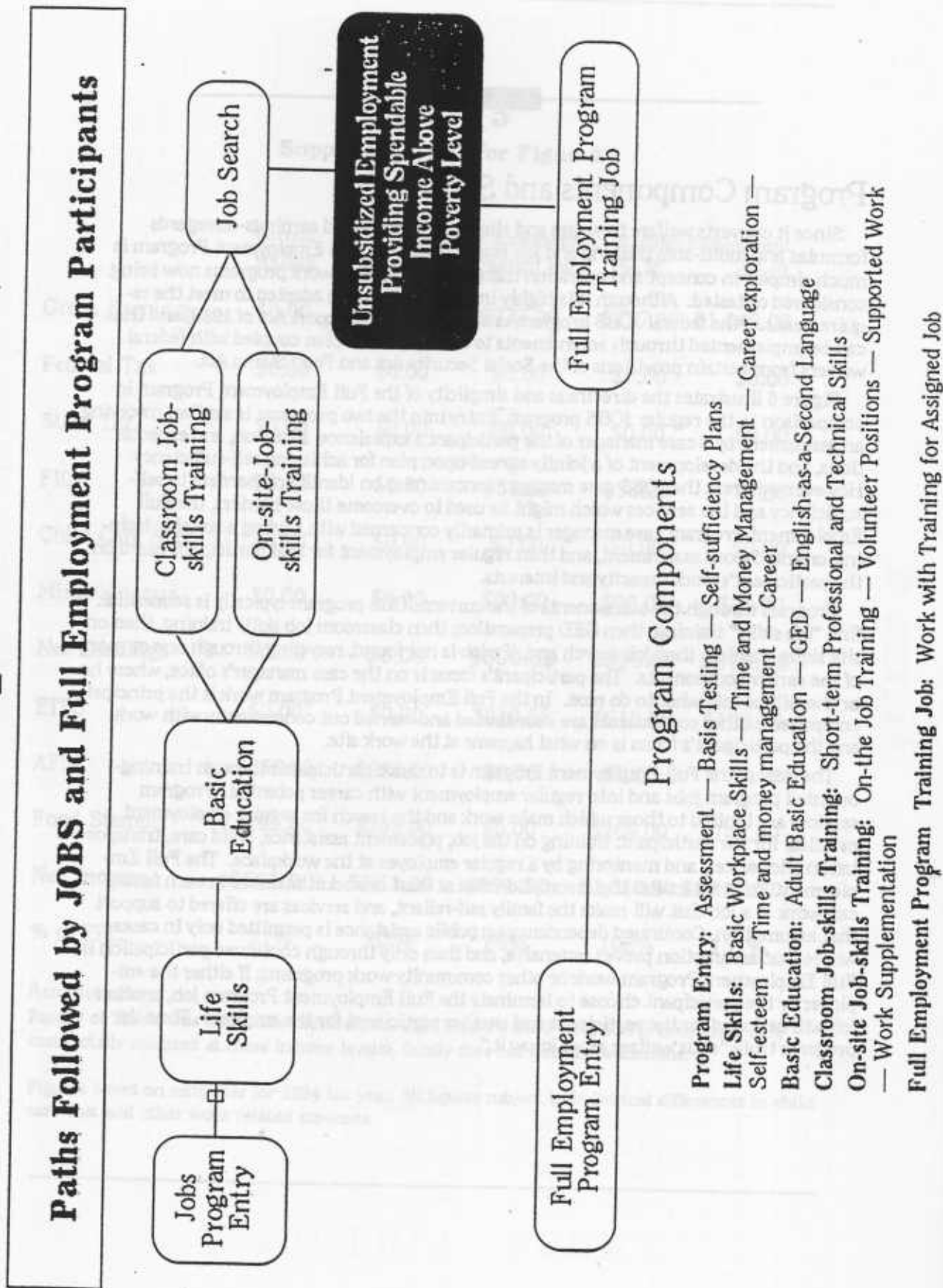
Since it converts welfare to wages and eliminates complicated earnings-disregards formulas and multi-step training and job search plans, the Full Employment Program is much simpler in concept and operation than other welfare-to-work programs now being considered or tested. Although it is highly innovative, it can be adapted to meet the requirements of the federal JOBS program under the Family Support Act of 1988, and thus can be implemented through amendments to the state JOBS plan coupled with federal waivers from certain provisions of the Social Security Act and Food Stamp Act.

Figure 6 illustrates the directness and simplicity of the Full Employment Program in comparison to the regular JOBS program. Entry into the two programs is similar, involving an assessment by a case manager of the participant's experience, situation, and expectations, and the development of a jointly agreed-upon plan for achieving self-sufficiency. However, whereas the JOBS case manager concentrates on identifying barriers to self-sufficiency and the services which might be used to overcome those barriers, the Full Employment Program case manager is primarily concerned with finding a suitable training-oriented work assignment, and then regular employment for that participant based on the participant's work capacity and interests.

Progress through the components of the current JOBS program typically is sequential: first "life skills" training, then GED preparation, then classroom job skills training, then on-site skills training, then job search and, if a job is not found, recycling through one or more of the earlier components. The participant's focus is on the case manager's office, where he or she will be told what to do next. In the Full Employment Program work is the principal component; other components are coordinated and carried out concurrently with work, and the participant's focus is on what happens at the work site.

The goal of the Full Employment Program is to move participants through training-oriented program jobs and into regular employment with career potential. Program services are limited to those which make work and the search for regular employment practical for the participant: training on the job, placement assistance, child care, transportation allowances, and mentoring by a regular employee at the workplace. The Full Employment Program makes the assumption that at least one adult member in each family can work at a job that will make the family self-reliant, and services are offered to support that assumption. Continued dependency on public assistance is permitted only in cases where that assumption proves untenable, and then only through continued participation in Full Employment Program work or other community work programs. If either the employer or the participant choose to terminate the Full Employment Program job, another job will be found for the participant and another participant for the employer. Thus the program truly "ends welfare as we know it."

# Figure 6



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## Program Administration, Funding, and Evaluation

The fact that Maryland administers public assistance through local offices greatly simplifies the task of organizing a Baltimore Full Employment Program demonstration. Since Baltimore City is a distinct administrative entity for the management and operation of public assistance programs, there will be no need for new organizations and offices, nor for the transfer of functions and staff from the state to the city.

However, moving from current programs and practices to the Full Employment Program will involve significant shifts in the goals and functions of the city's welfare and employment staffs. Time spent on eligibility and benefit redeterminations will shrink dramatically, while time spent on participant capability assessments and job development and placement activities will expand. The volume of distribution of welfare checks and Food Stamp coupons will be reduced substantially, while the development and management of comprehensive employer and job files and a system for reimbursing employers for training program wages will become top priority tasks. The role of case managers in the demonstration program will be more significant than at present, but the emphasis on the workplace as the focus of participant activities will require case managers to "hit the streets": to go where the participants and the jobs are rather than sit at their desks dispensing service orders.

Many of the new or enhanced functions of the demonstration program — such as child support collection, employer recruitment and job development, and even case management — may be performed more effectively through contracts with public and private organizations with experience and a stake in the larger community. Public housing resident management groups, already a focus for education, employment, and the reduction of drug use, pregnancy, and crime in low-income neighborhoods, exemplify organizations which should be considered for contracts for case management and, development of child care and property management and maintenance jobs.

The increased flexibility of the program's fiscal resources — a central element in the Full Employment Program concept — will allow the city to determine how and on whom program funds are spent, and how and from whom additional funds, if needed, are collected. The basic fund for operation of the program will consist of all federal and state funds available to pay and administer AFDC, Food Stamp, and JOBS benefits in the city, together with the proceeds of a state "diversion tax" representing the UI benefits paid to city residents, plus one dollar for each participant hour worked contributed by the employer. This fund will be used to reimburse program employers for the wages paid to program participants in training jobs; to pay normal public assistance benefits to those who are awaiting job assignments or who, because of inability to work (such as SSI recipients), will not be offered job assignments; and to cover administrative expenses.

The flexibility of this funding scheme is great, but not total. The federal government requires, in a demonstration program of this scope, that total federal expenditures; over a three-year period, not exceed what would have been spent if the normal programs had been continued. The federal Food Stamp Act requires that the Food Stamp benefit value to any participant not be decreased simply because of participation. Finally, it would be very difficult politically to use UI "diversion tax" revenues for wages for participants other than UI beneficiaries, even if those beneficiaries seemed destined for AFDC when their UI benefits expired. On the other hand, AFDC and Food Stamp funds could be used for wages for low-wage UI beneficiaries on the basis of potential AFDC and Food Stamp eligibility.

These constraints are minor compared with the restrictions on present program spending, and the constraints can actually work to the financial benefit of the state. Food Stamp allotments are 100 percent federally funded; AFDC payments are 50 percent federally, 50 percent state funded; UI benefits are 100 percent state funded. By first allocating Food Stamp funds, then AFDC funds, then UI "diversion tax" funds to program wage reimbursements, the constraints are all satisfied and any savings from the success of the program accrue to the state. Moreover, by limiting state expenditures to the revenue of the "diversion tax" and to funds which are federally matched, the state can protect itself from a failure of the demonstration program, and know precisely when or if to shut it down.

For demonstration programs of the scope of a Baltimore Full Employment Program, the federal government has developed a combined fiscal control and program assessment methodology which ties federal budget neutrality to an experimental design-based evaluation performed by an independent evaluation contractor. Small but statistically valid treatment and control groups are established through random assignment, and both costs and treatment outcomes are compared, one group to the other. An added advantage of this methodology is that widely varying kinds of demonstration programs in many states can be compared. A Baltimore Full Employment Program demonstration — a highly innovative program in an Eastern Seaboard city with high unemployment and welfare rates — would be very appealing to the federal government. The benefits of its success would accrue to Baltimore and Maryland, but its potential replicability in other major cities could have national impact.

Figure 6

Path Followed by JOBS and Full Emp

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## Authorization and Implementation

Implementing a Baltimore Full Employment Program will require federal waivers from the Food Stamp Act and from the AFDC provisions of the Social Security Act. All of the necessary waivers have been granted at various times and for various demonstration programs throughout the country, but never in the specific combination which the Full Employment Program requires. Currently Oregon and Mississippi are preparing waiver request packages for their versions of the program, and precedents they establish in negotiating with the Departments of Agriculture and Health and Human Services should make it easier for other states to implement the Full Employment Program. No waivers will be required from the Department of Labor for implementation and use of a UI "diversion tax".

The federal government looks most favorably on waiver requests emanating from state legislation. Since adoption of the UI "diversion tax" will require state legislative action, the most effective means of authorizing the entire demonstration program would be through comprehensive implementing legislation.

The demonstration might well benefit from the contracting-out of some of the services which are critical to its welfare-to-work process. Two in particular — case management and job search assistance — have been competitively procured in successful implementations of the JOBS program in several states.

More effective paternity determination and child support rules and procedures, such as those enumerated in the recent draft report of the Governor's Commission on Welfare Policy, should be implemented in tandem with the Full Employment Program demonstration.

The Full Employment Program replaces welfare with work. It is designed to restructure the present public welfare system by replacing welfare with work. Maximizing the success of the Full Employment Program in (a) preventing the formation of new welfare units and (b) moving new and existing cases into the job market entails concerted effort by the entire community.

The Full Employment Program must be part of a more comprehensive plan of action. For instance, education, health services and prevention programs that address teenage pregnancy and other success-inhibiting behavior must be strengthened and designed to promote the values of accountability and responsible behavior that are fundamental to the Full Employment Program. The City of Baltimore, the business community, and the non-profit sector must join together in actively supporting both the job creation efforts and the enhanced citizenship demands of the Full Employment Program. With such a commitment, the Full Employment Program can dramatically reduce welfare dependency in Baltimore.



## Notes

- 1/ Committee on Ways and Means, U.S. House of Representatives, 1993 Green Book
- 2/ DHR data supplied to The Hobbs Company by DEED on September 3, 1993
- 3/ The Governor's Commission on Welfare Policy, Initial Finding Draft Report, October 8, 1993
- 4/ Baltimore City Health Department, 1992
- 5/ Baltimore City Health Department, 1992
- 6/ Baltimore City Health Department, 1992
- 7/ Committee on Ways and Means, U.S. House of Representatives, 1993 Green Book
- 8/ The Governor's Commission on Welfare Policy, Initial Finding Draft Report, October 8, 1993
- 9/ Welfare Mothers as Potential Employees: A statistical profile based on national survey data, Child Trends, 1991,
- 10/ William Raspberry: Washington Post, May 12, 1993
- 11/ CensusNews, 1990 Baltimore City Department of Planning, August 1992
- 12/ Census News, 1990, Baltimore City Department of Planning, August, 1992
- 13/ Poor Cities: An Analysis of poverty in U.S. cities over 50,000, March 1993, Greater Washington Research Center
- 14/ Planning Commission, Department of Planning, City of Baltimore
- 15/ Planning Commission, Department of Planning, City of Baltimore
- 16/ Maryland Department of Economic & Employment Development, Unemployment Insurance Activities Report, Fiscal Year, 1992
- 17/ Maryland Department of Economic & Employment Development, Unemployment Insurance Activities Report, Fiscal Year, 1992
- 18/ AFDC and Food Stamp benefit values as of October 1, 1993. Earned Income Tax Credit (EITC) values are as for 1994, estimates based on conversations with the Internal Revenue Service: official tables will not be available until December, 1993. Health care costs are assumed to be covered by Medicaid and employer health care plans. No child support is assumed, and child care is assumed to be available at a cost totally subsidized by the Maryland Department of Human Resources at these earnings levels



## STATEMENT OF COMMISSIONER SUSAN LEVITON

I applied the recommendations of the Commission in the area of child support enforcement, support of two-parent families, enabling poor women to have equal access to abortions, fill the gap strategies and making the earned income tax credit refundable.

I am also in agreement with the Commission that the state needs a public assistance system that encourages self reliance, rewards work, reduces poverty, improves family stability, enhances the environment in which children are raised, and increases self esteem and self sufficiency. However, I fear that in many cases, the commission's recommendations may bring additional stresses to already fragile families and leave children in far worse situations. My concerns are as follows:

### Appendix C

1) Community Service Requirement: The proposal requires that after 18 months of education and training, participants who are unable to find a job would be required to participate in community work experiences. I am a strong supporter of individuals being given the opportunity to work. However, setting an arbitrary time requirement for individuals to find a job is not fair to all families. For example, individuals with a low level of literacy may need to complete the job market. It may be far wiser to allow these people to continue in literacy training than to have them involved in community service. Similarly, for those poor to achieving a high school or college education, it would not make sense to have them arbitrarily end that education. This is particularly true since research has shown that postsecondary degrees are associated with shorter welfare spells and less recidivism.

Also, the children of those in community service may completely fill up the subsidized day care slots meant for the working poor. At the present time 4,000 families are on wait lists and since last year, the child care subsidy program has been frozen for working poor families.

Finally, research conducted by the Manpower Demonstration Research Corporation has shown that community work experience, while expensive to administer, generally has no impact on a person's future employment and earning patterns. If Maryland is committed to having a work requirement following a period of education and training, it should give serious consideration to experimenting with many different kinds of work experiences, such as work supplementation, public sector

## Notes

- 1/ Committee on Ways and Means, U.S. House of Representatives, 1993 Green Book.
- 2/ DHR data supplied to The Hulse Company by DHR on September 3, 1993.
- 3/ The Governor's Commission on Welfare Policy, Initial Findings Draft Report, October 8, 1993.
- 4/ Baltimore City Health Department, 1993.
- 5/ Baltimore City Health Department, 1993.
- 6/ Baltimore City Health Department, 1993.
- 7/ Committee on Ways and Means, U.S. House of Representatives, 1993 Green Book.
- 8/ The Governor's Commission on Welfare Policy, Initial Findings Draft Report, October 8, 1993.
- 9/ Welfare Mothers as Potential Employers: A National Survey of Child Trends, 1991.
- 10/ William Rosenberg Welfare Study.
- 11/ CensusNews, 1990 Baltimore City Department of Planning, August, 1992.
- 12/ CensusNews, 1990, Baltimore City Department of Planning, August, 1992.
- 13/ Poor Cities: An Analysis of poverty in U.S. cities over 50,000, March 1993, Greater Washington Research Center.
- 14/ Planning Commission, Department of Planning, City of Baltimore.
- 15/ Planning Commission, Department of Planning, City of Baltimore.
- 16/ Maryland Department of Economic & Employment Development, Unemployment Insurance Activities Report, Fiscal Year, 1992.
- 17/ Maryland Department of Economic & Employment Development, Unemployment Insurance Activities Report, Fiscal Year, 1992.
- 18/ AFDC and Food Stamp benefit reduction of October 1, 1993. Earned Income Tax Credit (EITC) values as of 1994, estimates based on conversations with the Internal Revenue Service; official figures will not be available until December, 1994. Health care costs are assumed to be covered by Medicaid and employer health care plans. No child support is assumed, and child care is assumed to be available at a cost totally subsidized by the Maryland Department of Human Resources at these savings levels.

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I am also in agreement with the Commission that the state needs a public assistance system that encourages self reliance, rewards work, reduces poverty, improves family stability, enhances the environment in which children are raised, and increases self esteem and self sufficiency. However, I fear that in many cases, the commission's recommendations may bring additional stresses to already fragile families and leave children in far worse situations. My concerns are as follows:

1) Community Service Requirement The proposal requires that after 18 months of education and training, participants who are unable to find a job would be required to participate in community work experience. I am a strong supporter of individuals being involved in valuable community work. However, setting an arbitrary time limit of 18 months ignores the varied needs of different families. For illiterate individuals, 18 months will not bring them up to the level of literacy they need to compete in the job market. It may be far wiser to allow these people to continue in literacy training than to have them involved in community service. Similarly, for those near to achieving a high school or college education, it would not make sense to have them arbitrarily end that education. This is particularly true since research has shown that postsecondary degrees are associated with shorter welfare spells and less recidivism.

Also, the children of those in community service may completely fill up the subsidized day care slots meant for the working poor. At the present time 4,000 families are on wait lists and since last year, the child care subsidy program has been frozen for working poor families.

Finally, research conducted by the Manpower Demonstration Research Corporation has shown that community work experience, while expensive to administer, generally has no impact on a person's future employment and earning patterns. If Maryland is committed to having a work requirement following a period of education and training, it should give serious consideration to experimenting with many different kinds of work experiences, such as work supplementation, public sector

employment, public/private partnerships and on-the-job training. It should also begin an aggressive job creation program. The State should vigorously evaluate these work experiments so that limited resources are not spent on work decisions which prove to have little impact on future earnings.

2) Sanctioning Procedures - At the present time, Maryland operates two programs which provide monetary sanctions if clients do not comply with conditions. Under the Primary Prevention Initiative (P.P.I.), a \$25 per child per month disallowance is provided if the recipient's children do not get preventive health care or attend school. Also, under Project Independence (P.I.), if recipients do not comply with the conditions of that program, they can lose the amount of the adult or teen grant. The \$25 sanction has been touted as being a very effectively sanction, whereas the larger sanction under Project Independence has not. However, neither of these systems has been evaluated. It, therefore, is surprising that at this time the commission is placing a high priority on designing a new system for sanctioning non-compliant families. I know of no evaluative data that supports what seems to be the underlying contention—that the existing sanction systems don't work or that you must aggressively increase the amount of the sanction in order for it to be effective. In fact there is no reliable data on whether or not any sanction system works, a national jobs evaluation study is not yet complete and information about the use of sanctions and their efficacy is not available. In our preliminary report we noted the need to evaluate our present sanctioning system. This evaluation, if completed, was never considered by the commission. It seems premature to design a new system of sanctions, particularly when the result of such a system could be so detrimental to families and their children, without the results of that study.

Finally, while families receiving assistance should have certain responsibilities, every attempt should be made to help the families meet their responsibilities before they are sanctioned. Many families who receive assistance, because benefit levels are so low, are at risk of becoming homeless. If a caseworker does not investigate why a family is being sanctioned for several months, by the time the reasons are identified, it could be too late to stop an eviction. Once the family becomes homeless, it is much more likely that the children will wind up in foster care. We will then be placed in the situation where instead of paying a mother and her two children \$366 a month, we will now be paying a stranger \$1,000 a month to care for the two children.

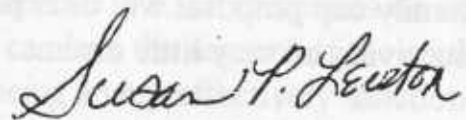
Family Cap Provisions. The Commission proposes to deny increased benefits to families that add new members after they have begun receiving AFDC benefits. Such a policy, often called a family cap, would deny children benefits based on the actions of their parents. Family cap proposals are generally based on the belief that families receiving AFDC are very large and that the parents in such families make irresponsible reproductive choices. However, families receiving AFDC are about the same size as non-AFDC families. The average family receiving AFDC has fewer than two children. Further, research has shown that the size of benefit level increases has little influence on AFDC recipients' fertility. The only thing that we know a family cap proposal will do is place further financial burdens on a family already surviving on very little income.

4) Increased Child Welfare Services. Everyone will agree that we need additional resources for family preservation services, child protective services, and adoption workers. However, what is especially disturbing about the commission's proposal is that its net result will take funds from income maintenance — money to feed, clothe and house children and families — and redirect it to child welfare.

We do not have to increase sanctions to know that there are families who need increased family preservation services. These probably are the very families that are presently being sanctioned under Project Independence and PPI. Since these families are known, why aren't we now providing assistance to these families? If we need additional funds for these services we should advocate for them but not to take them from the minimal subsistence grant which is already way below what the State says is needed for self sufficiency.

5) The Need for Adequate Data. Finally, because our present system's primary goal was ensuring that people do not fraudulently receive welfare checks, we never collected the kind of data that we need to make decisions about what are the most effective strategies. For example, we don't know how many teen parents are receiving welfare benefits or how long people stay on welfare. Nor do we know whether sanctions, job training, job creation or fill the gap strategies will be the most effective way to increase self sufficiency. However, without any kind of data on these issues, the welfare commission is proposing to make monumental changes that will affect the basic subsistence level of 80,000 families in Maryland. We need to begin to collect the kind of data that will enable a commission to make thoughtful choices for all Maryland citizens.

As we all know, the answer, if we really care about children and their families, is to eliminate the economic barriers to employment and to create more decent paying jobs. These jobs must be accompanied with health and child care so that people receiving low paying jobs will be able to survive. We should propose different employment strategies including making work pay policies and job creation, and alternative proposals, such as child support assurance. I would urge us to consider testing and prioritizing different strategies to determine which succeed in lifting families from poverty.



Susan P. Leviton



COMMENTS ON THE FINAL REPORT OF THE  
GOVERNOR'S COMMISSION ON WELFARE POLICY

Having served for a year and one-half as member of the Governor's Commission on Welfare Policy, I feel it important to comment on the Commission's Final Report.

Without a doubt, the goals set forth by the Commission are laudable. As a Commission, we quickly discovered that answers to complex questions are intricate: people's strengths and needs are dissimilar, massive systems are already in place, change is complicated by cost-neutral federal requirements and the cause and effect of each policy shift has enormous consequences.

The present system has evolved over many years and the concerns of today will not be quickly resolved. It is my earnest hope that dialogue and discussion on these issues will continue. The importance of on-going deliberations is, clearly, fundamental to progress.

There are major segments of the Commission's Final Report that I wholeheartedly endorse: 1) the emphasis on two-parent families; 2) the recommendation to extend Medical Assistance for up to two years upon a client's employment; 3) far more serious consideration of and dialogue on a Commission's minority proposal that encourages job creation; 4) the adoption of a "Fill-the-Gap" strategy; 5) the emphasis on an effective Child Support system. I also support a focus on teen parents that incorporates education, pre-natal and post-natal care, child care programs, family support centers and appropriate mental health and substance abuse programs.

However, several of the Commission's final recommendations cause me great concern: 1) the Family Investment System depends heavily on the availability of jobs in a very slowly recovering economy; 2) services are time-limited, regardless of the skills and abilities of clients; 3) the recommendation to institute a family cap as well as removing state budget limitations on access to abortion; 4) that harsh sanctions ultimately punish the child for actions of the parent and; 5) that the proposal adds to the complexity of an already complicated system.

These issues need a much fuller discussion in order to achieve a plan with broad based support. If my experience as a commission member has taught anything, it is that any solution for ending the welfare as we know it must rely on a job creation plan that is essentially driven by the market forces of the private sector. Without private sector jobs, the training, sanctions, counselling, and the financial assistance will come to nothing more than what we have today. The ultimate answer is employment. Sanctioning people for not obtaining a non-existent job makes no sense. In my view, Charlie Obrecht's proposal offers a number of intriguing possibilities that deserve further study. We need to dialogue with a wide variety of individuals and groups about this plan or any other that will create jobs for welfare recipients. I am optimistic that when genuine employment opportunities are available, the marketplace will replace welfare assistance for a majority of today's recipients.

Harold A. Smith  
Executive Director  
Catholic Charities